

Community Development Commission

April 30, 2009

TO: Each Supervisor

FROM: *for* Cordé D. Carrillo, Acting Executive Director *Bobbette A. Glover*

SUBJECT: **UPDATE ON THE PURSUIT AND IMPLEMENTATION OF FUNDING
MADE AVAILABLE IN H.R. 1, THE AMERICAN RECOVERY AND
REINVESTMENT ACT (ARRA) OF 2009**

On March 31, 2009, the Board of Supervisors requested that the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) report on the efforts to apply for, or take the necessary steps to accept, each category of funding contained within ARRA that the CDC/HACoLA is eligible to receive either by formula or by competitive grant application. Please find this memorandum as the first monthly progress report on the funding for which the County is eligible.

ARRA Funding Opportunities

Public Housing Capital Fund (CF) - See funding amounts below.

Both formula and competitive funding allocations are available for the CF in ARRA. The funding is available for the capital and management activities of public housing agencies (PHAs) with the exception that funds cannot be used for operations or rental assistance. There is a \$100,000 administrative cap on the formula funds.

Formula Allocation - \$7,401,512 (by formula)

Applying for the Funds: The U.S. Department of Housing and Urban Development (HUD) published a Notice of Funding Availability (Notice) for the CF on March 18, 2009. On March 31, 2009, the Board of Supervisors approved a motion to accept the grant funds.

Using the Funds: These funds will be used for security, energy efficient work measures, preventive maintenance, and general improvements to 12 public housing sites that accommodate almost 2,500 units.

Funding/Expenditure Levels: \$7.4 million has been allocated by formula to HACoLA. There are no expenditures to date. Once funds are received, however, 100% of the funds must be obligated within 1 year, with 60% expended in 2 years, and 100% in 3 years.

Competitive Allocation - Competitive funding amount is not known at this time.

Applying for the Funds: HUD has yet to publish a Notice with detailed application information. The HACoLA will begin developing the application as soon as the information is available.

Using the Funds: The HAcOLA will recommend that funding received by competition be utilized for the upgrade of the electrical and irrigation systems as well as landscape improvements at our major public housing developments.

Funding/Expenditure Levels: \$995 million will be allocated nationally based on a competitive basis. There are no expenditures to date. Funds will be awarded through a competitive process by September 30, 2009. PHAs must obligate 100% of the funds within 1 year of the date on which funds become available to an agency for obligation. Additionally, it is required that at least 60% of funds be expended within 2 years from the day the funding is made available to an agency, and 100% of the funds within 3 years of such date.

Community Development Block Grant (CDBG) - \$7,977,162 (by formula)

CDBG funding will be allocated by formula. Eligible uses of the funding align with the existing CDBG program, which enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing, and create economic opportunities, primarily for persons of low- and moderate-income. No administrative cap has been identified.

Applying for the Funds: The CDC will not begin developing an application for funding until HUD releases its Notice outlining the applicable eligible programs and application requirements. However, the CDC is aware of the requirement that awarded contracts be based on bids received within 120 days from the date that funds are made available. As such, projects have already been identified by our Divisions and 47 participating cities, for whom the CDBG Division administers community development activities.

Using the Funds: ARRA requires that job creation be a priority. Therefore, it is likely that any eligible activities would need to demonstrate job creation or retention. Subrecipients have yet to be identified as the applicable regulations are expected to be released in the upcoming HUD Notice.

Funding/Expenditure Levels: \$7.9 million will be allocated by formula to the CDBG program. There are no expenditures to date.

Neighborhood Stabilization Program (NSP) - Competitive funding amount is not known at this time.

NSP funding will be competitively allocated, although the administrative cap and level of funding for which the CDC will apply are unknown, as a HUD Notice has yet to be published. Eligible uses for the funding, however, include acquisition, disposition, relocation, direct homeownership assistance, housing rehabilitation, clearance (for blighted structures only), public facilities and improvements, new housing construction, housing counseling, and capacity building.

Applying for the Funds: HUD will publish a Notice outlining the NSP funding application requirements no later than May 3, 2009. All applications are due within 150 days of the

enactment of ARRA. The CDC will begin developing the application as soon as the information is available.

Using the Funds: The CDC is waiting for the HUD Notice to be published, in order to review the feasibility of applying for this funding.

Funding/Expenditure Levels: \$2 billion will be allocated nationally based on a competitive basis. There are no expenditures to date. Once funds are received, however, ARRA specifies that 50% of the funds are to be expended within 2 years, and 100% in 3 years.

Homelessness Prevention and Rapid Re-Housing Program (HPRP) - \$12,197,108 (by formula)

HPRP funding was allocated by formula. Eligible uses include financial assistance, housing relocation and stabilization services, data collection and evaluation, and administration. There is a 5% administrative cap estimated at \$609,855.

Applying for the Funds: HUD published a Notice on March 19, 2009, outlining the application process for HPRP funding. The CDC completed the application and filed a Board letter to obtain approval to submit the application to HUD. The action was approved at the April 28, 2009, Board meeting. The CDC will submit a completed application for HPRP funding by HUD's deadline of May 18, 2009. A Grant Agreement is expected to be executed on or before September 1, 2009.

Using the Funds: County Departments will carryout eligible activities and the Los Angeles Homeless Services Authority will provide data collection and evaluation services by using HUD's Management Information System (MIS). The CDC will administer all contracts, as well as monitor and report on the grant.

Funding/Expenditure Levels: Of the \$1.5 billion made available nationally by ARRA, \$12.1 will be allocated by formula to the CDC. There are no expenditures to date. Once funds are received, however, 60% of the funds must be expended within 2 years, and 100% in 3 years.

Assisted Housing/Energy Retrofit - Funding amount is not known at this time.

HUD has not specified whether these funds will be allocated on a formula or competitive basis, and it is unclear how much funding will be available to the County. The funds, however, can be used to make energy and green retrofit investments to properties, to ensure the maintenance as well as preservation of the property or continue operation and maintenance of energy efficiency technologies, in addition to the timely expenditure of funds.

Applying for the Funds: Complete details on how to apply (including grant/loan terms) were originally to be published in a HUD Notice by April 17, 2009. Yet, as of the date of

this summary, no such information has been released. The HACoLA will begin developing the application when this information becomes available.

Using the Funds: Depending on what the HUD Notice allows, the HACoLA would like to use the funding to renovate and retrofit aging public housing units as well as those needing energy efficiency for Section 202, Section 811, and project-based Section 8 units. Although the CDC/HACoLA does not own or manage any Section 202 or Section 811 units, the HACoLA is interested in pursuing funding for the modernization and rehabilitation of project-based Section 8 units.

Funding/Expenditure Levels: \$250 million will be allocated nationally based on a competitive basis. The HACoLA must spend the grant and/or loan funds within 2 years. There are no expenditures to date.

Juvenile Justice and Crime Prevention Program (JJCPA)/Edward Byrne Memorial Competitive Grant Program - (Of the total \$225 million available, the CDC will apply for \$975,283.)

Edward Byrne Memorial Competitive Grant Program funding will be allocated on a competitive basis. This funding is available to assist state, local, and tribal jurisdictions in improving the criminal justice system, providing assistance to victims of crime (other than compensation) and supporting communities in preventing drug abuse and crime. In addition, ARRA authorizes Byrne Competitive grant funding for "youth mentoring grants." The CDC will be requesting a 10% administrative allowance.

Applying for the Funds: The CDC submitted an application on April 27, 2009 and may be one of several County Departments submitting an application for these funds.

Using the Funds: The CDC has applied for \$975,283 in funding to support existing JJCPA programs.

Funding/Expenditure Levels: \$225 million will be allocated nationally based on a competitive basis. There are no expenditures to date.

Economic Development Administration (EDA) - Competitive funding amount not known at this time.

EDA funding will be allocated on a competitive basis. The funding can be used to promote comprehensive, entrepreneurial and innovation-based economic development efforts to enhance the competitiveness of regions, resulting in increased private investment and higher-skill, higher-wage jobs in regions that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring.

Applying the Funds: The U.S. Department of Commerce released the Notice for this funding on March 10, 2009. Applications for this funding are taken on a continuous basis and processed as received. The CDC will provide further information regarding the pursuit of this funding opportunity in the near future.

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Using the Funds: The CDC is currently assessing the feasibility of applying for this funding.

Funding/Expenditure Levels: \$150 million will be allocated nationally based on a competitive basis. There are no expenditures to date.

If you have any questions, please contact me at (323) 890-7400, or Terry Gonzalez, Director, CDBG Division, at (323) 890-7150.

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c: Each Deputy
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